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## CHANCELLORS

Dear Colleagues:

Attached is revised Business and Finance Bulletin BUS-55, *Financial Feasibility of Projects Requiring Loan Financing*. This Bulletin was updated by a workgroup with representatives from Facilities Administration, the Budget Office, External Finance, the immediate office of the Senior Vice President--Business and Finance, and various campus representatives from corollary offices. The Bulletin may be found on the web at:

<http://www.ucop.edu/ucophome/policies/bfb/bus55.html>

The major changes are as follows:

- Scope (Section II): This section clarifies that the Senior Vice President--Business and Finance is responsible for establishing financial feasibility requirements and for project analysis. References to the Treasurer's Office role in project financing activities have been removed.
- Definitions (Section III): Definitions have been updated and new terms have been added, to include Real Estate Transactions (including leases and any applicable costs) and Gift-Based Financing (interim and standby).
- Project Information and Financial Feasibility Analysis (Section IV-A): This section contains new data requirements, including: (1-3) total campus and program specific context; (5) project risk identification and mitigation; (7) detail related to 'relief of' existing facilities; and, under Financial Analysis, (a) project timing, (b) operating expense/start-up costs, (h) planned non-University space utilization (affecting tax-free status), and (i) competitive market data and assumptions.
- Real Property Transactions (Section V): This is a new section referencing acquisitions, leases, ground leases and related documentation and analysis tools.

In this updated version of BUS-55, references to 'non-capital projects' have been removed, as such projects are exceptions to current (External Finance) financing policy. The two schedules have also been substantively revised to reflect current Regental requirements.

Questions on this Bulletin may be directed to Greg Wineger (510 987-9069 or greg.wineger@ucop.edu).

Sincerely,



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Acting Provost and Senior Vice President  
Academic Affairs



Lawrence C. Hershman  
Vice President for Budget

cc: President Dynes  
Members, President's Cabinet  
Universitywide Policy Coordinator Capell